



HOUSE OF REPRESENTATIVES  
900 COURT ST NE  
SALEM, OR 97301

March 9, 2017

**Testimony in support of HB 2662: Tobacco tax**

**Purpose:** Improve the health of Oregonians while driving down our high health care costs—which severely burden our families, businesses, and state budget.

*Tobacco is a major cost driver in health care, and the #1 preventable cause of chronic disease and death in Oregon.*

HB 2662 raises the tax on tobacco and direct where some of those revenues should go to decrease tobacco use:

- 1) community-based initiatives to reduce tobacco use in populations who smoke at disproportionately higher rates, such as low income, LGBT, communities of color, and people with mental health and addictions
- 2) tobacco and addiction prevention programs in schools
- 3) county public health department prevention and cessation programs
- 4) treating OHP patient with tobacco related diseases.

**Amendments on tax amount:**

The bill mistakenly lists \$1.60 as the new price for a pack of 20 cigarettes; my intent was to increase the price by \$1.69 to bring it up to \$3.01, just below Washington State's tax. The pack of 25 cigarettes should increase by \$2 per pack.

We need to increase taxes on other tobacco products by 40%, from 65% to 90% of wholesale for cigars (and remove the cap, as is stated in the bill); from \$1.78/oz to \$2.49/oz for snuff (with a \$2.99/pack floor); and from 65% to 90% of wholesale for the rest.

**Amendments on expenditures:**

I am open to using the funds for other evidence-based tobacco reduction programs, such as Oregon Public Health Department's surveillance, media and statewide quit line.

The current \$.04/pack for the state's tobacco prevention program is about 25% of the CDC recommendation. CDC points to Oregon's tobacco prevention program as one of the nation's best in terms of following best practices. \$.15/pack increase to this program would fund it at the CDC recommended level.

I would also support funding for mental health and addictions, since people with mental illness are 2x likely to smoke as others. Treating mental health and addiction will help reduce smoking.



### **Tobacco Statistics:**

- Of the 43.8 million Americans who smoke, 80% want to quit
- 42,000 people under the age of 18 begin smoking
- Over 4,000 Oregon youth become new smokers each year
- Tobacco use costs Oregonians \$1.2 billion in direct medical expenses and \$2 billion in indirect expenses.
- Nationally, estimated smoking-related health costs and lost productivity totals \$19.16 per pack.

### **Increasing cigarette taxes is the most effective way to reduce smoking.**

It discourages initiation among youth, increases cessation among current smokers, and reduces average cigarette consumption among those who continue to smoke. As tobacco prices go up, smokers quit and youth do not start. A 10% increase in price reduces cigarette consumption among adults by about 4%, and has an even greater impact among youth and low-income smokers.

### **Where Oregon stands in its cigarette tax:**

- OR at \$1.32 is 31<sup>st</sup> among all states. 29 have higher taxes.
- 17 states have a cigarette tax rate of \$2 per pack or more; 8 of these (including WA) are above \$3/pack.
- Several cities allow local government to add their own tax on top of the state tax, like \$6.16 in Chicago, IL and \$5.85 in NYC.
- New York state's increase to \$4.35/pack and NYC increase to \$5.85/pack resulted in a dramatic drop in smoking. As a result of price increases and other tobacco interventions, adult smoking rates in New York are at 14% and youth smoking is at 7%, far below the national average.

### **Price impact on low-income people:**

Low income people smoke at twice the rate (31.4%) than the general population (17.7%), and nearly 3x the rate of high income earners (11%). The high cost of smoking, from buying cigarettes to poor health, is a barrier to climbing out of poverty. Studies have shown that on balance, low income people save money as a result of increased tobacco taxes due to the high number who quit.

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### **Tobacco Use in Mental Health and Substance Abuse Populations - Steven A. Schroeder, MD**

44% of cigarettes smoked in the US are consumed by individuals with a psychiatric or substance abuse disorder.

60-95% of patients in addiction treatment are tobacco dependent. Roughly half of them smoke more than 25 cigarettes per day.

An estimated 200,000 smokers with mental illness or addiction die each year due to smoking, a figure highly disproportionate to the number of those with mental disorders in the general population.

The more money we have in our state budget due to tobacco tax revenue and cost containment from reduced tobacco use, the more we have to spend on badly needed mental health and addictions, which in turn lowers the incidence of tobacco use.